



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1414

DATE: August 11, 2014

TO: All Iowa Medicaid Hospitals

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: 2014 Update for Outpatient Prospective Payment System (OPPS)

EFFECTIVE: Immediately

In January 2014, the Centers for Medicare and Medicaid (CMS) updated the hospital OPPS which provided packaged payment of outpatient lab tests (other than molecular pathology) under the OPPS rather than separate clinical laboratory fee schedule (CLFS) payment. The update was effective for dates of service on or after January 1, 2014. A, a new modifier (L1) will be used with Type of Bill (TOB) 13X when non-referred lab tests are eligible for separate payment under the exceptions listed below.

1. Outpatient lab tests only – Beginning July 1, 2014, report TOB 13X with modifier L1, if a hospital only provides outpatient laboratory tests to the patient (directly or under arrangement), and the patient does not receive other hospital outpatient services on the same date of service.
2. Unrelated outpatient lab tests – Beginning July 1, 2014, report TOB 13X with modifier L1, if a hospital provides outpatient laboratory tests (directly or under arrangement) on the same date of service as other hospital outpatient services that are clinically unrelated to the other hospital outpatient services. Example: The laboratory test is ordered by a different practitioner than the practitioner who ordered the other hospital outpatient services, for a different diagnosis.

The TOB 14X will only be used for non-patient (referred) laboratory specimens and will not need to append the new modifier to the services billed. Non-patient is defined as a beneficiary that is not physically present at the hospital, but has a specimen that is submitted for analysis to the hospital.

The new modifier (L1) is effective for claims received on or after July 1, 2014, and those dates of service on or after January 1, 2014. Laboratory tests for molecular pathology test described by Current Procedural Terminology (CPT) codes in the ranges of 81200 through 81383, 81400 through 81408, and 81479 are not packaged in the OPPS and do not require the new L1 modifier.

The table below summarizes the billing described above.

Condition	Claims with date of service on or after January 1, 2014, and received prior to July 1, 2014	Claims with date of service on or after January 1, 2014, and received on or after July 1, 2014
Non-patient (referred) specimen	TOB 14X	TOB 14X without the new modifier
A hospital collected specimen and furnishes only the outpatient labs on a given date of service.	*TOB 14X	TOB 13X and the new modifier, effective January 1, 2014
A hospital conducts outpatient lab tests that are clinically unrelated to other hospital outpatient services furnished the same day.	*TOB 14X	TOB 13X and the new modifier, effective January 1, 2014

**The TOB 14X does not provide differential CLFS payment rates for Sole Community Hospitals (SCHs) with qualified laboratories and other OPPS hospitals.

A further description of the changes and the use of the L1 modifier are found on the [CMS Medicare Learning Network](#)¹ web page.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, locally in Des Moines at 515-256-4609 or by email at imeproviderservices@dhs.state.ia.us.

¹ <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM8764.pdf>